

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 205 [CO471E]
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★205. Mr M I Rayi (Eastern Cape: ANC) to ask the Minister of Finance:

What measures are being implemented to ensure that the provision of infrastructure and services to needy communities is not compromised by weak local state spending capacity (details furnished)?

CO471E

REPLY:

There is R7.8 billion allocated this year through indirect grants, mainly for the benefit of weaker capacity municipalities in the priority 27 district municipalities. Indirect grants allow national departments to implement projects on behalf of municipalities, so the funds are spent by the national department. This provides a way for national departments to build infrastructure for the delivery of basic services such as water and sanitation in areas where municipal capacity is weak. Departments implementing these indirect grants are however also required to develop a Skills Transfer and Capacity Building Plan to show how, over time, they will develop the capacity of these municipalities so that in future they can implement these projects themselves.

There are several support initiatives that government funds to support the capacity of municipalities to spend their infrastructure budgets. These include:

- The Municipal Infrastructure Support Agent (MISA), which provides technical support and capacity to municipalities and is also working to set up turnkey transversal contracts that will enable municipalities to more easily (and cheaply) procure infrastructure. MISA is also piloting regional management support contracts as a new, more holistic approach to strengthening the capacity of municipalities.
- The Infrastructure Skills Development Grant funds graduates with engineering and other technical skills to gain their professional registration while working in municipalities.
- Broader institutional and financial management capacity building is also funded through the Municipal Systems Improvement Grant and the Financial Management Grant.